

**CITY OF ABILENE, KANSAS**  
**FINANCIAL STATEMENT**  
**WITH INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

# CITY OF ABILENE, KANSAS

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## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Commission  
City of Abilene  
Abilene, Kansas

We have audited the accompanying fund summary statement of regulatory cash receipts, expenditures, and unencumbered cash balances of the City of Abilene, Kansas, a Municipal Financial Reporting Entity, as of and for the year ended December 31, 2012 and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards and guidance require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles*

As described in Note 1 of the financial statement, the financial statement is prepared by the "Municipal Financial Reporting Entity" to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit*

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and *Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Abilene, Kansas (City) as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2012, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2013, on our consideration of the City of Abilene, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1 of Abilene, Kansas and its related municipal entity, the Public Building Commission, as of December 31, 2012, and its cash receipts and expenditures, for the year then ended, on the basis of accounting described in Note 1.

The 2011 Actual column presented in the individual fund schedules of cash receipts and expenditures actual and budget, and schedules of cash receipts and expenditures-actual (Schedules 2 and 3 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the 2011 financial statement upon which we rendered an unqualified opinion dated August 10, 2012. The 2011 financial statement and our accompany report are not presented herein, but are available in

electronic form from the web site of the Kansas Department of Administration, Office of Management Analysis and Standards at the following link <http://da.ks.gov/ar/muniserv/>. Such 2011 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2011 financial statement. The 2011 comparative information was subjected to the auditing procedures applied in the audit of the 2011 financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2011 financial statement or to the 2011 financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2011 comparative information is fairly stated in all material respects in relation to the 2011 financial statement as a whole.

*Pottberg, Gassman & Hoffman, Char'd.*

Pottberg, Gassman & Hoffman, Chartered  
Abilene, Kansas  
July 5, 2013

**CITY OF ABILENE, KANSAS**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Governmental Type Funds:							
General Fund	\$ 4,092,055	69,680	4,468,375	6,846,939	1,783,171	27,726	1,810,897
Special Purpose Funds:							
Airport Fund	(308,189)	-	496,014	176,489	11,336	241	11,577
Fire Apparatus	61,670	-	33,652	18,952	76,370	-	76,370
Special Park and Recreation	40,576	-	91,975	84,386	48,165	-	48,165
Special Alcohol and Drug	32,424	-	15,411	7,500	40,335	-	40,335
Library	-	-	310,660	310,660	-	-	-
Tourism and Convention	3,703	-	201,732	201,832	3,603	2,638	6,241
Special Street	133,798	-	259,300	533,082	(139,984)	-	(139,984)
Recreation	131,351	-	433,554	403,497	161,408	2,934	164,342
Special Liability	16,067	-	-	16,067	-	-	-
Capital Improvement	424,412	-	28,496	-	452,908	-	452,908
Equipment Reserve	151,505	-	237,514	188,270	200,749	-	200,749
Community Center	153,589	-	183	-	153,772	-	153,772
Library / Pool Renovation	246,820	-	444,388	426,303	264,905	-	264,905
Bond and Interest Fund:							
Bond and Interest	30,463	-	1,143,970	939,377	235,056	-	235,056
Capital Projects Funds:							
The Highlands Addition	244,092	-	185	244,277	-	-	-
PBC Hospital Project	7,645,633	-	10,001,656	5,752,313	11,894,976	-	11,894,976

The notes to the financial statement are an integral part of this statement.

# CITY OF ABILENE, KANSAS

## SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH REGULATORY BASIS FOR THE YEAR ENDED DECEMBER 31, 2012

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Business Funds:							
Water Utility	153,375	-	1,649,229	1,622,827	179,777	20,022	199,799
Wastewater Utility	1,937,621	-	1,423,391	2,075,250	1,285,762	265,039	1,550,801
Equipment Reserve - Water	547,741	360	520	150,012	398,609	-	398,609
Equipment Reserve - Sewer	228,366	-	400,278	23,160	605,484	-	605,484
Recycling Fund	337,457	-	96,115	98,977	334,595	2,393	336,988
Storm Drain	539,719	3,399	69,648	382,156	230,610	-	230,610
Total Reporting Entity (Excluding Agency Fund)	<u>16,844,248</u>	<u>73,439</u>	<u>21,806,246</u>	<u>20,502,326</u>	<u>18,221,607</u>	<u>320,993</u>	<u>18,542,600</u>
Composition of Cash:							
				Petty Cash			\$ 800
				Checking Account			2,349,530
				Money Market			352,221
				UMB Trust Account			11,894,976
				Certificates of Deposit			3,945,073
				Total Cash			<u>18,542,600</u>
				Agency Fund Per Page 34			-
				Total Reporting Entity (Excluding Agency Fund)			<u>\$ 18,542,600</u>

The notes to the financial statement are an integral part of this statement.

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **General Statement**

The City of Abilene, Kansas (City) was chartered March 16, 1868 and provides the following services as authorized by its charter: public works, public safety, recreation and waterworks.

The Abilene, Kansas Public Building Commission (PBC), a municipal corporation, was organized in 2007 by the governing body of the City pursuant to the Act and Ordinance No. 3098 of the City. The powers of the PBC were expanded by the governing body of the City pursuant to Charter Ordinance No. 21.

The more significant accounting policies of the City are described below.

B. **Municipal Financial Reporting Entity**

The City of Abilene, Kansas is a municipal corporation governed by an elected five-member Commissioner-Manager form of government. The regulatory financial statement presents the City of Abilene, Kansas (the Municipality), and a related municipal entity (RME), the PBC. The RME is included in the City's reporting entity because it was established to benefit the City. The governing body of this RME is appointed by the governing body of the City and consists of five members who are the current members of the City's governing body.

C. **Regulatory Basis Fund Types**

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific regulations, restrictions, or limitations. Certain funds contain restricted cash because their use is limited by debt covenants, statutory requirements, grant requirements or are held in a fiduciary or agency capacity.

The following types of funds comprise the financial activities of the City for the year of 2012:

**General Fund** –is the main operating fund of the City. This Fund is used to account for all financial resources not accounted for in other funds and is therefore, unrestricted.

**Special Purpose Funds** –are used to account for the proceeds of specific revenue resources (other than special assessments, expendable trusts or major capital projects) that are restricted by law or administrative action to expend for specified purposes.

**Bond and Interest Funds** –are used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

**Capital Project Funds** –are used to account for debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.



CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

C. Fund Accounting (Continued)

Business Funds:

Business Funds – funds financed in whole or in part by fees charged to users of the goods or services (i.e., enterprise and internal service fund, etc. These funds include: Water Utility, Equipment Reserve – Water, Equipment Reserve – Sewer, Recycling, Wastewater Utility, and Storm Drain.

Agency Funds – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

D. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United State of America

*Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America.* The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the regulatory basis of accounting.

E. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
- Publication in the local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
- Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25<sup>th</sup>.

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

E. Budgetary Information, continued

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was a budget amendment in the Tourism and Convention Fund in December 2011.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which, receipts are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or a contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital project funds, and agency funds.

Budgetary information is presented in the supplemental schedules.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by use of internal spending limits established by the governing body.

2. **DEPOSITS AND INVESTMENTS**

As of December 31, 2012, the City had the following investment:

Investment Type	Fair Value	Investments Maturities (in Years)	Rating
Money Market Treasury	\$11,894,976	NA (weighted average maturity 49 days)	S&P AAAM

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 10-131 limits the City's investment of bond proceeds. The money market treasury fund used by the City meets these requirements. The City has no investment policy that would further limit its investment choices. The rating of the City's investments is noted above.

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

2. **DEPOSITS AND INVESTMENTS (CONTINUED)**

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated 'peak periods' when required coverage is 50%. The City has no designated 'peak periods.' All deposits were legally secured at December 31, 2012.

At December 31, 2012 the carrying amount of the City's deposits, including certificates of deposit, was \$6,646,824 and the bank balance was \$6,671,125. Of the bank balance, \$750,000 was covered by federal depository insurance and \$3,715,517 was collateralized with securities held by the pledging financial institution's agents in the City's name and 2,205,608 was collateralized with securities held by the pledging financial institution's agent in a third party name. The bank balance at three banks exceeded federal depository insurance corporation (FDIC) limits. The balance in excess of FDIC limits at each bank was more than 5% of total bank balances which results in a concentration of credit risk per GASBS 40, paragraph 11.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The money market fund shares are not guaranteed by the U.S. government and are subject to risk even though they contain 29.75% U.S. Treasury securities and 70.25% repurchase agreements collateralized by U.S. Treasury securities.

3. **STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

K.S.A. 79-2935 provides that it shall be unlawful for the governing body to create indebtedness in any fund in excess of the adopted budget of expenditures of such fund. For the year ended December 31, 2012, the following Special Purpose fund was in violation of this statute: Special Park and Recreation. The general fund contained capital project expenditures of 2,204,589 and the Airport fund contained grant expenditures which do not have to be budgeted, therefore, neither fund had a budget violation.

K.S.A. 10-1113 provides that it shall be unlawful for the governing body to create a deficit in unencumbered cash in any fund. For the year ended December 31, 2012, the following special purpose fund was in violation of this statute: Special Street.

4. **LEASE COMMITMENTS**

In 2011, the City entered into a 60 month non-cancelable operating lease for a copier for the City offices. For the year ended December 31, 2012, lease expenditures approximated \$5,254 including costs associated with overages and color copies. The future minimum lease payments are as follows:

2013	\$4,694
2014	\$4,694
2015	\$4,694
2016	\$4,694

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

5. **DEFINED BENEFIT PENSION PLAN**

*Plan Description.* The City contributes to the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

6. **OTHER POST-EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. The City pays 50% of the premium until age 62 to retirees with 10 or more years of service and each retiree is responsible for the balance. During the year ended December 31, 2012, approximately two retirees participated in this plan and the local government paid \$8,767 in premiums for these retirees. Any remaining subsidy to retirees due to the plan's level premium structure has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

7. **DEVELOPMENT SURETY DEPOSITS**

Under City statutes, the developers of certain subdivisions are required to provide security bonds from a surety bonding company payable to the City until the improvements are completed. In lieu of the surety bond, the developer may provide a surety deposit to the City to be held until the improvements are completed and deemed acceptable. The City entered into one such deposit agreement with the developer of the Highlands Addition. In 2008, the developer provided a deposit in the amount of \$262,869 and paid up front engineering costs of \$361,865 for the project. Through a supplemental agreement, the developer was being allowed to utilize this escrow account to make special assessment payments for undeveloped lots. This account was depleted. The supplemental agreement makes the surety clause null and void.

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

**8. CAPITAL PROJECTS**

At year-end, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	<u>Project Authorization</u>	<u>Expenditures to Date</u>
Hospital Reconstruction	\$22,870,806	4,857,035
East First Street	\$3,357,410	2,901,067

**9. INTERFUND TRANSACTIONS**

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Tourism and Convention	City Ordinance	25,000
General Fund	Equipment Reserve	K.S.A. 12-1,117	225,000
General Fund	Bond and Interest	Debt Service	300,000
Water – Commercial	General Fund	K.S.A. 12,825d	72,500
Recycling	General Fund	K.S.A. 12-825d	5,600
Sewer Fund	Equipment Reserve – Sewer	K.S.A. 12-825d	400,000
Sewer Fund	General Fund	K.S.A. 12-825d	79,800
Storm Drainage	General Fund	K.S.A. 12-825d	4,020

**10. COMMITMENTS AND CONTINGENCIES**

**Risk Management**

The City of Abilene, Kansas is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To insure against risk of these types of losses, the City has purchased commercial insurance coverage. Settled claims resulting from these risks have not exceeded commercial coverage in the past three fiscal years.

**11. LITIGATION**

The City knows of no actual or possible litigation, claims, or assessments whose effects should be considered in the preparation of the financial statement as of December 31, 2012.

**12. SELF-INSURANCE PROGRAM**

In 2010, the City implemented a partially funded self-insurance plan for its employees' health care costs through Kaw Valley Insurance. The City is liable for losses on claims up to \$30,000 per insured and \$515,609 in total for the year. The plan has fixed costs of \$183,708. The City has third-party insurance coverage for any losses in excess of such amounts. Management believes claims incurred, but not reported, are insignificant at December 31, 2012. Changes in claims liability for 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
Beginning Balance	\$ 159,726	73,267
Additions	540,790	860,517
Payments	675,031	774,058
Ending Balance	<u>\$ 25,485</u>	<u>\$ 159,726</u>

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

**13. LONG TERM DEBT**

On January 5, 2012, the Public Building Commission, a related municipal entity of the City of Abilene, Kansas, issued \$10,000,000 of revenue bonds to finance a portion of an expansion and reconstruction of hospital facilities of Hospital District No. 1, Dickinson County, Kansas operating as Abilene Memorial Health System.

Changes in long-term liabilities for the City of Abilene, Kansas, for the year ended December 31, 2012, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Net Change</u>	<u>Balance End of Year</u>	<u>2012 Interest Paid</u>
General Obligation Bonds:										
2005 Series A	Var - 4.1%	6/15/2005	460,000	9/1/2015	\$ 210,000	\$ -	\$ 50,000	\$ (50,000)	\$ 160,000	\$ 7,255
2006 Series	Var - 4.5%	9/1/2006	300,000	9/1/2017	205,000	-	30,000	(30,000)	175,000	8,128
2008 Series B	Var - 4.0%	6/1/2008	3,700,000	6/1/2018	2,780,000	-	330,000	(330,000)	2,450,000	96,303
2009 Series	Var - 4.3%	7/23/2009	1,780,000	9/1/2029	1,650,000	-	70,000	(70,000)	1,580,000	60,848
2010 Series A	Var - 4.6%	4/28/2010	4,055,000	9/1/2030	3,960,000	-	150,000	(150,000)	3,810,000	157,089
2010 Series B	2.50%	4/28/2010	1,395,000	9/1/2013	830,000	-	440,000	(440,000)	390,000	20,750
2011 Series	Var - 3.0%	3/25/2011	2,200,000	9/1/2021	2,200,000	-	180,000	(180,000)	2,020,000	67,685
Total General Obligation Bonds					11,835,000	-	1,250,000	(1,250,000)	10,585,000	418,058
Revenue Bonds										
Public Building Commission Bond										
Issue - Series 2011	Var - 4.3%	12/09/11	7,760,000	12/01/28	7,760,000	-	-	-	7,760,000	277,375
Issue - Series 2012	Var - 5.025%	01/05/12	10,000,000	12/01/25	-	10,000,000	-	10,000,000	10,000,000	443,757
					7,760,000	10,000,000	-	10,000,000	17,760,000	721,132
Revolving Loans										
KDHE Project C20 1480 Sewer	3.07%	03/25/98	850,000	03/01/18	270,449	-	35,195	(35,195)	235,254	8,034
KDHE Project 2001 Water	3.98%	12/07/98	1,400,000	02/01/19	647,643	-	75,700	(75,700)	571,943	25,030
KDHE Waste Water Treatment Plant	2.58%	09/01/06	8,620,417	09/01/28	7,385,368	-	364,238	(364,238)	7,021,130	188,205
Total Revolving Loans					8,303,460	-	475,133	(475,133)	7,828,327	221,269
Lease Purchase:										
Quick Attack Fire Truck	4.75%	06/01/09	43,700	06/01/12	14,567	-	14,567	(14,567)	-	395
Meter Reader System	3.50%	06/20/04	1,160,433	05/20/14	387,586	-	124,777	(124,777)	262,809	13,566
Street Sweeper	3.89%	12/12/11	122,889	09/01/17	122,889	-	19,739	(19,739)	103,150	3,360
Total Lease Purchase					525,042	-	159,083	(159,083)	365,959	17,321
Total Contractual Indebtedness					28,423,502	10,000,000	1,884,216	8,115,784	36,539,286	1,377,780
Compensated Absences										
Vacation Pay					124,539	-	15,820	(15,820)	108,719	-
Sick Pay					23,054	7,104	-	7,104	30,158	-
Total Compensated Absences					147,593	7,104	15,820	(8,716)	138,877	-
Total long-term debt					\$ 28,571,095	\$ 10,007,104	\$ 1,900,036	\$ 8,107,068	\$ 36,678,163	\$ 1,377,780

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

13. **LONG TERM DEBT (CONTINUED)**

Current maturities of long-term debt and interest through maturity are as follows:

	Year									
	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2033-2035	Total
<b>Principal</b>										
General Obligation Bonds:										
2005 Series A	\$ 50,000	\$ 55,000	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160,000
2006 Series	30,000	35,000	35,000	35,000	40,000	-	-	-	-	175,000
2008 Series B	350,000	370,000	395,000	420,000	445,000	470,000	-	-	-	2,450,000
2009 Series	80,000	80,000	80,000	80,000	85,000	485,000	495,000	195,000	-	1,580,000
2010 Series A	155,000	155,000	160,000	165,000	175,000	975,000	1,180,000	845,000	-	3,810,000
2010 Series B	390,000	-	-	-	-	-	-	-	-	390,000
2011 Series	205,000	210,000	210,000	215,000	220,000	960,000	-	-	-	2,020,000
Total General Obligation Bonds	1,260,000	905,000	935,000	915,000	965,000	2,890,000	1,675,000	1,040,000	-	10,585,000
Revenue Bonds										
Public Building Commission Bond										
Issue - Series 2011	105,000	110,000	105,000	110,000	115,000	1,380,000	5,090,000	745,000	-	7,760,000
Issue - Series 2012	-	-	-	-	-	-	-	5,495,000	4,505,000	10,000,000
	105,000	110,000	105,000	110,000	115,000	1,380,000	5,090,000	6,240,000	4,505,000	17,760,000
Revolving Loans										
KDHE Project C20 1480 Sewer	36,284	37,407	38,564	39,757	40,987	42,255	-	-	-	235,254
KDHE Project 2001 Water	78,743	81,908	85,201	88,626	92,188	145,277	-	-	-	571,943
KDHE Waste Water Treatment Plant	373,696	383,400	393,355	406,994	414,049	2,243,746	2,537,609	268,281	-	7,021,130
Total Revolving Loans	488,723	502,715	517,120	535,377	547,224	2,431,278	2,537,609	268,281	-	7,828,327
Lease Purchase:										
Meter Reader System	129,144	133,665	-	-	-	-	-	-	-	262,809
Street Sweeper	19,086	19,829	20,600	21,401	22,234	-	-	-	-	103,150
Total Lease Purchase	148,230	153,494	20,600	21,401	22,234	-	-	-	-	365,959
Total Principal	\$ 2,001,953	\$ 1,671,209	\$ 1,577,720	\$ 1,581,778	\$ 1,649,458	\$ 6,701,278	\$ 9,302,609	\$ 7,548,281	\$ 4,505,000	\$ 36,539,286

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

13. **LONG TERM DEBT (CONTINUED)**

Current maturities of long-term debt and interest through maturity are as follows:

	Year									
	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2033-2035	Total
<b>Interest</b>										
General Obligation Bonds										
2005 Series A	\$ 5,605	\$ 3,905	\$ 1,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,463
2006 Series	6,912	5,728	4,345	4,543	-	-	-	-	-	21,528
2008 Series B	84,515	72,625	59,225	44,135	27,477	9,400	-	-	-	297,377
2009 Series	58,047	55,648	53,248	51,168	48,848	198,257	100,784	12,685	-	578,685
2010 Series A	153,339	149,464	144,814	140,014	133,414	555,331	347,758	78,890	-	1,703,024
2010 Series B	9,750	-	-	-	-	-	-	-	-	9,750
2011 Series	45,078	42,002	38,118	34,232	30,255	67,602	-	-	-	257,287
Total General Obligation Bonds	363,246	329,372	301,703	274,092	239,994	830,590	448,542	91,575	-	2,879,114
Revenue Bonds										
Public Building Commission Bond										
Issue - Series 2011	277,375	276,325	275,115	273,645	271,830	1,320,250	779,015	32,035	-	3,505,590
Issue - Series 2012	490,039	490,039	490,039	490,039	490,039	2,450,194	2,450,194	2,031,663	460,038	9,842,284
	767,414	766,364	765,154	763,684	761,869	3,770,444	3,229,209	2,063,698	460,038	13,347,874
Revolving Loans										
KDHE Project C20 1480 Sewer	6,946	5,823	4,666	3,473	2,243	975	-	-	-	24,126
KDHE Project 2001 Water	21,988	18,822	15,530	12,105	8,543	5,820	-	-	-	82,808
KDHE Waste Water Treatment Plant	178,750	169,047	159,091	148,877	138,398	525,026	219,084	3,518	-	1,541,791
Total Revolving Loans	207,684	193,692	179,287	164,455	149,184	531,821	219,084	3,518	-	1,648,725
Lease Purchase:										
Meter Reader System	9,198	4,677	-	-	-	-	-	-	-	13,875
Street Sweeper	4,012	3,270	2,499	1,697	865	-	-	-	-	12,343
Total Lease Purchase	13,210	7,947	2,499	1,697	865	-	-	-	-	26,218
Total Interest	1,351,554	1,297,375	1,248,643	1,203,928	1,151,912	5,132,855	3,896,835	2,158,791	460,038	17,901,931
Total Principal and Interest Payments	\$ 3,353,507	\$ 2,968,584	\$ 2,826,363	\$ 2,785,706	\$ 2,801,370	\$ 11,834,133	\$ 13,199,444	\$ 9,707,072	\$ 4,965,038	\$ 54,441,217



CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

**14. COMPENSATED ABSENCES**

The City's policy regarding vacation and leave allows employees to accumulate vacation and sick leave based on years of continuous service as follows:

Vacation Time:

Vacation leave is earned by the month. If an employee leaves the City, they are entitled to a payment of all accrued vacation pay earned prior to termination or resignation. In 2012, the vacation leave accruals changed from every 10 years to 5, however, the maximum accrual remains the same.

<u>Years of Continuous Service</u>	<u>Vacation Days Accrued (hours / year)</u>	
	<u>Regular</u>	<u>Fire Department</u>
0 – 5	80	74
5 – 10	100	92
10 – 15	120	111
15 – 20	140	129
20+	160	148

The dollar amount of accrued vacation at December 31, 2012 was \$108,719.

Sick Leave:

Sick leave is accrued at a rate of 8.0 hours per month for all employees, up to a maximum of 120 days (960 hours). Sick leave accumulated is not paid to employees except upon retirement or separation after twenty or more years of regular service, in which the employee shall receive payment for 25% of the unused sick leave – up to a maximum of one calendar month's salary.

The dollar amount of accrued sick leave at December 31, 2012 was \$30,158.

**15. ABILENE RECREATION COMMISSION**

The Abilene Recreation Commission amended its inter-local agreement with the City of Abilene, effective December 19, 2007. Under this agreement, the City of Abilene receives funds from and for the Abilene Recreation Commission and pays their expenditures per their budget at their direction within the Recreation Commission fund of the City. All Recreation Commission funds are held by the City of Abilene.

Management of the Commission is carried out by an appointed five member Commission. The City appoints two members, the USD 435 Board of Education appoints two members, and the fifth member is appointed collectively by the other four members of the Commission. The primary source of funding is provided by tax levies through the USD 435 Board of Education. These tax levies are forwarded by the Recreation Commission to the City and are recorded as Contract Payments in the Recreation Commission fund on page 25 of the supplemental schedules.

The Commission utilizes the City's facilities at no cost to the Commission; however, the Commission does pay for certain repairs and maintenance of the facilities.

CITY OF ABILENE, KANSAS  
NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2012

16. **SUBSEQUENT EVENTS**

On February 11, 2013, the City adopted ordinance 3227 authorizing issuance of the City's GO refunding and improvement bonds, series 2013 in the principal amount of \$1,570,000 for the purpose of refunding certain outstanding general obligation bonds of the City, financing the costs of capital improvements in the city and preparing and refunding certain loans entered into to pay costs of water and wastewater system improvements.

The City's management has evaluated subsequent events through July 5, 2013, the date the financial statement was available to be issued.

**REGULATORY REQUIRED  
SUPPLEMENTARY INFORMATION**

**CITY OF ABILENE, KANSAS**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Over (Under)</u>
Governmental Type Fund:					
General Fund	\$ 6,028,615	-	6,028,615	6,846,939	818,324
Special Purpose Funds:					
Airport Fund	145,422	-	145,422	176,489	31,067
Fire Apparatus	96,785	-	96,785	18,952	(77,833)
Special Park and Recreation	27,102	-	27,102	84,386	57,284
Special Alcohol and Drug	41,074	-	41,074	7,500	(33,574)
Library	316,139	-	316,139	310,660	(5,479)
Tourism and Convention	234,232	-	234,232	201,832	(32,400)
Special Street	621,310	-	621,310	533,082	(88,228)
Recreation	530,222	-	530,222	403,497	(126,725)
Special Liability	16,067	-	16,067	16,067	-
Capital Improvement	554,024	-	554,024	-	(554,024)
Equipment Reserve	448,166	-	448,166	188,270	(259,896)
Community Center	148,840	-	148,840	-	(148,840)
Library / Pool Renovation	426,403	-	426,403	426,303	(100)
Bond and Interest Fund:					
Bond and Interest	1,241,193	-	1,241,193	939,377	(301,816)
Business Funds:					
Water Utility	1,798,375.0	-	1,798,375	1,622,827	(175,548)
Wastewater Utility	3,248,075	-	3,248,075	2,075,250	(1,172,825)
Equipment Reserve - Water	407,777	-	407,777	150,012	(257,765)
Equipment Reserve - Sewer	654,353	-	654,353	23,160	(631,193)
Recycling Fund	380,639	-	380,639	98,977	(281,662)
Storm Drain	401,696	-	401,696	382,156	(19,540)

CITY OF ABILENE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
				Over
<u>GENERAL FUND</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Cash Receipts:				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 1,274,758	1,036,984	1,077,249	(40,265)
Delinquent Tax	13,438	15,205	12,000	3,205
Motor Vehicle Tax	163,175	190,548	175,636	14,912
Intergovernmental Revenue				
Local Sales Tax	1,211,990	1,279,288	1,175,000	104,288
Franchise Tax	641,010	660,528	606,000	54,528
KLINK - Highway Maintenance	30,750	30,771	30,500	271
Liquor Control Tax	12,539	15,371	15,780	(409)
Federal/State/County Aid	94,226	341,954	300,000	41,954
Licenses and Fees				
Licenses and Permits	58,108	76,565	16,600	59,965
Fines and Penalties	163,332	163,877	183,850	(19,973)
Charges for Services	15,150	18,580	80,415	(61,835)
Use of Money and Property				
Interest Income	28,315	19,959	18,000	1,959
Rent	3,911	3,720	6,750	(3,030)
Other Receipts				
Grants	37,618	37,428	-	37,428
Bond Proceeds	2,201,100	-	-	-
Contributions	2,350	-	-	-
Reimbursed Expenditures	69,239	143,468	15,500	127,968
Insurance Proceeds	425,118	217,693	-	217,693
Service Charges - Hospital	2,700	15,300	-	15,300
Miscellaneous	33,242	23,148	-	23,148
Transfer from	165,380	177,988	177,988	-
Total Cash Receipts	<u>6,647,449</u>	<u>4,468,375</u>	<u>3,891,268</u>	<u>577,107</u>

CITY OF ABILENE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
				Over
<b>GENERAL FUND</b>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Departmental Expenditures				
Administrative				
Salaries and Benefits	241,708	294,907	255,698	39,209
Contractual Services	4,662	11,152	21,618	(10,466)
Services and Supplies	686,009	167,195	156,225	10,970
Capital Outlay	150,576	430,929	1,260,450	(829,521)
Total	<u>1,082,955</u>	<u>904,183</u>	<u>1,693,991</u>	<u>(789,808)</u>
Police				
Salaries and Benefits	952,734	908,235	1,070,342	(162,107)
Services and Supplies	131,005	131,943	156,550	(24,607)
Capital Outlay	26,655	2,400	2,400	-
Total	<u>1,110,394</u>	<u>1,042,578</u>	<u>1,229,292</u>	<u>(186,714)</u>
Fire				
Salaries and Benefits	554,122	543,783	585,867	(42,084)
Services and Supplies	71,240	66,693	79,200	(12,507)
Capital Outlay	14,890	17,967	24,300	(6,333)
Total	<u>640,252</u>	<u>628,443</u>	<u>689,367</u>	<u>(60,924)</u>
Streets and Alley				
Salaries and Benefits	349,934	323,018	345,131	(22,113)
Services and Supplies	300,845	298,167	300,850	(2,683)
Capital Outlay	37,369	2,206,548	2,500	2,204,048
Total	<u>688,148</u>	<u>2,827,733</u>	<u>648,481</u>	<u>2,179,252</u>
Bindweed and Flood Maintenance				
Salaries and Benefits	56,915	56,256	75,830	(19,574)
Services and Supplies	43,314	46,312	66,570	(20,258)
Total	<u>100,229</u>	<u>102,568</u>	<u>142,400</u>	<u>(39,832)</u>
Parks and Recreation				
Salaries and Benefits	145,686	153,328	159,376	(6,048)
Contractual Services	-	-	1,000	(1,000)
Services and Supplies	60,510	71,735	78,100	(6,365)
Capital Outlay	42,300	31,245	32,500	(1,255)
Total	<u>248,496</u>	<u>256,308</u>	<u>270,976</u>	<u>(14,668)</u>
Pool				
Services and Supplies	9,335	9,740	20,000	(10,260)
Total	<u>9,335</u>	<u>9,740</u>	<u>20,000</u>	<u>(10,260)</u>

CITY OF ABILENE, KANSAS

SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
				Over
<b>GENERAL FUND</b>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>(Under)</u>
Departmental Expenditures				
Community Development				
Salaries and Benefits	125,726	153,671	159,750	(6,079)
Contractual Services	3,159	-	50,000	(50,000)
Services and Supplies	19,137	10,900	22,500	(11,600)
Total	<u>148,022</u>	<u>164,571</u>	<u>232,250</u>	<u>(67,679)</u>
Inspection				
Salaries and Benefits	63,052	56,655	62,679	(6,024)
Contractual Services	-	-	15,000	(15,000)
Services and Supplies	23,130	36,641	52,470	(15,829)
Total	<u>86,182</u>	<u>93,296</u>	<u>130,149</u>	<u>(36,853)</u>
Municipal Court				
Salaries and Benefits	78,191	77,909	81,390	(3,481)
Contractual Services	5,331	4,479	4,000	479
Services and Supplies	50,805	48,286	72,625	(24,339)
Total	<u>134,327</u>	<u>130,674</u>	<u>158,015</u>	<u>(27,341)</u>
Senior Center and Transportation				
Salaries and Benefits	48,596	59,729	60,170	(441)
Contractual Services	7,800	6,600	7,500	(900)
Services and Supplies	43,824	41,614	36,849	4,765
Total	<u>100,220</u>	<u>107,943</u>	<u>104,519</u>	<u>3,424</u>
Civic Center				
Services and Supplies	30,080	27,118	34,175	(7,057)
Capital Outlay	11,790	1,784	2,000	(216)
Total	<u>41,870</u>	<u>28,902</u>	<u>36,175</u>	<u>(7,273)</u>
Other Expenditures				
Transfer to	265,500	550,000	673,000	(123,000)
Total Expenditures	<u>4,655,930</u>	<u>6,846,939</u>	<u>6,028,615</u>	<u>818,324</u>
Receipts Over (Under) Expenditures	1,991,519	(2,378,564)		
Unencumbered Cash, January 1	2,100,536	4,092,055		
Unencumbered Cash, December 31	<u>\$ 4,092,055</u>	<u>1,783,171</u>		

## CITY OF ABILENE, KANSAS

## SPECIAL PURPOSE FUNDS

## SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

## REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
	Actual	Actual	Budget	Over (Under)
<b><u>AIRPORT</u></b>				
Cash Receipts:				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 23,267	109,673	114,000	(4,327)
Delinquent Tax	265	346	100	246
Motor Vehicle Tax	3,073	3,447	3,203	244
Intergovernmental Revenue				
Federal Aviation Administration	772,249	363,733	-	363,733
KDOT Funds	3,000	-	-	-
Other Receipts				
Contract Payments	13,385	18,719	22,500	(3,781)
Reimbursed Expenses	37	7	-	7
Interest Income	54	89	50	39
Total Cash Receipts	<u>815,330</u>	<u>496,014</u>	<u>139,853</u>	<u>356,161</u>
Expenditures:				
Services and Supplies	28,303	17,503	36,500	(18,997)
Capital Outlay	1,149,550	96,927	108,922	(11,995)
Reimbursement to General Fund	-	62,059	-	62,059
Total Expenditures	<u>1,177,853</u>	<u>176,489</u>	<u>145,422</u>	<u>31,067</u>
Receipts Over (Under) Expenditures	(362,523)	319,525		
Unencumbered Cash, January 1	54,334	(308,189)		
Unencumbered Cash, December 31	<u>\$ (308,189)</u>	<u>11,336</u>		



## CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
				Over
	Actual	Actual	Budget	(Under)
<b><u>FIRE APPARATUS</u></b>				
Cash Receipts:				
Ad Valorem Property Tax	\$ 29,084	28,889	30,000	(1,111)
Delinquent Tax	330	365	100	265
Motor Vehicle Tax	3,843	4,309	4,004	305
Interest Income	77	89	60	29
Total Cash Receipts	<u>33,334</u>	<u>33,652</u>	<u>34,164</u>	<u>(512)</u>
Expenditures:				
Capital Outlay	<u>15,366</u>	<u>18,952</u>	<u>96,785</u>	<u>(77,833)</u>
Receipts Over (Under) Expenditures	17,968	14,700		
Unencumbered Cash, January 1	<u>43,702</u>	<u>61,670</u>		
Unencumbered Cash, December 31	<u>\$ 61,670</u>	<u>76,370</u>		
<b><u>SPECIAL PARK AND RECREATION</u></b>				
Cash Receipts:				
Alcohol Tax	\$ 13,321	20,045	15,780	4,265
Interest Income	45	87	25	62
Sale of Property	19,820	-	-	-
Gifts and Donations	20,105	1,478	-	1,478
Christmas Lights Revenue	-	70,365	-	70,365
Total Cash Receipts	<u>53,291</u>	<u>91,975</u>	<u>15,805</u>	<u>76,170</u>
Expenditures:				
Capital Outlay	<u>44,605</u>	<u>84,386</u>	<u>27,102</u>	<u>57,284</u>
Receipts Over (Under) Expenditures	8,686	7,589		
Unencumbered Cash, January 1	<u>31,890</u>	<u>40,576</u>		
Unencumbered Cash, December 31	<u>\$ 40,576</u>	<u>48,165</u>		

## CITY OF ABILENE, KANSAS

## SPECIAL PURPOSE FUNDS

## SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

## REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
	Actual	Actual	Budget	Over (Under)
<b><u>SPECIAL ALCOHOL AND DRUG</u></b>				
Cash Receipts:				
Alcohol Tax	\$ 12,539	15,372	15,780	(408)
Interest Income	34	39	20	19
Total Cash Receipts	<u>12,573</u>	<u>15,411</u>	<u>15,800</u>	<u>(389)</u>
Expenditures:				
Awards and Contributions	1,500	1,500	40,074	(38,574)
D.A.R.E. Activities	3,000	6,000	1,000	5,000
Capital Outlay	1,553	-	-	-
Total Expenditures	<u>6,053</u>	<u>7,500</u>	<u>41,074</u>	<u>(33,574)</u>
Receipts Over (Under) Expenditures	6,520	7,911		
Unencumbered Cash, January 1	25,904	32,424		
Unencumbered Cash, December 31	<u>\$ 32,424</u>	<u>40,335</u>		
<b><u>LIBRARY</u></b>				
Cash Receipts:				
Ad Valorem Property Tax	\$ 226,409	274,179	284,943	(10,764)
Delinquent Tax	2,556	2,904	-	2,904
Motor Vehicle Tax	30,291	33,577	31,196	2,381
Total Cash Receipts	<u>259,256</u>	<u>310,660</u>	<u>316,139</u>	<u>(5,479)</u>
Expenditures:				
Appropriation to Library	<u>259,256</u>	<u>310,660</u>	<u>316,139</u>	<u>(5,479)</u>
Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash, January 1	-	-		
Unencumbered Cash, December 31	<u>\$ -</u>	<u>-</u>		

## CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011		2012	
				Variance - Over (Under)
<b><u>TOURISM AND CONVENTION</u></b>	<b><u>Actual</u></b>	<b><u>Actual</u></b>	<b><u>Budget</u></b>	
Cash Receipts:				
Transient Guest Tax	\$ 143,616	128,062	145,000	(16,938)
Charges for Services	19,657	15,148	17,500	(2,352)
Gifts and Donations	65	24	50	(26)
Interest Income	22	7	50	(43)
Reimbursed Expenses	45,448	25,868	38,000	(12,132)
Refunds Received	-	648	-	648
Miscellaneous Revenue	1,475	6,975	3,000	3,975
Transfer from	25,000	25,000	25,000	-
Total Cash Receipts	<u>235,283</u>	<u>201,732</u>	<u>228,600</u>	<u>(26,868)</u>
Expenditures:				
Salaries and Benefits	114,954	117,017	119,707	(2,690)
Services and Supplies	126,168	76,639	97,525	(20,886)
Capital Outlay	2,461	3,374	9,000	(5,626)
Trolley Expenses	9,145	4,802	8,000	(3,198)
Total Expenditures	<u>252,728</u>	<u>201,832</u>	<u>234,232</u>	<u>(32,400)</u>
Receipts Over (Under) Expenditures	(17,445)	(100)		
Unencumbered Cash, January 1	21,148	3,703		
Unencumbered Cash, December 31	<u>\$ 3,703</u>	<u>3,603</u>		
 <b><u>SPECIAL STREET</u></b>				
Cash Receipts:				
Fuel Tax	\$ 171,100	177,240	172,410	4,830
ASVRR Funds	-	-	-	-
KDOT Funds	252,424	79,924	270,000	(190,076)
Interest Income	2,583	2,136	1,987	149
Reimbursed Expenses	92	-	-	-
Total Cash Receipts	<u>426,199</u>	<u>259,300</u>	<u>444,397</u>	<u>(185,097)</u>
Expenditures:				
Contractual Services	28,697	-	-	-
Services and Supplies	15,126	20,461	22,500	(2,039)
Capital Outlay	384,802	512,621	598,810	(86,189)
Total Expenditures	<u>428,625</u>	<u>533,082</u>	<u>621,310</u>	<u>(88,228)</u>
Receipts Over (Under) Expenditures	(2,426)	(273,782)		
Unencumbered Cash, January 1	136,224	133,798		
Unencumbered Cash, December 31	<u>\$ 133,798</u>	<u>(139,984)</u>		

## CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
	Actual	Actual	Budget	Over (Under)
<b><u>RECREATION COMMISSION</u></b>				
Cash Receipts:				
Contract Payments	\$ 230,721	236,274	239,845	(3,571)
Fees	169,667	197,021	187,500	9,521
Interest Income	254	259	1,500	(1,241)
Grants	-	-	1,500	(1,500)
Total Cash Receipts	<u>400,642</u>	<u>433,554</u>	<u>430,345</u>	<u>3,209</u>
Expenditures:				
Administration				
Salaries and Benefits	171,863	170,599	185,919	(15,320)
Contractual Services	2,850	2,900	3,000	(100)
Services and Supplies	28,620	26,877	42,050	(15,173)
Capital Outlay	-	1,490	7,000	(5,510)
Aquatics				
Salaries and Benefits	65,754	62,068	67,196	(5,128)
Services and Supplies	22,432	14,955	29,800	(14,845)
Athletics				
Salaries and Benefits	21,888	15,670	35,838	(20,168)
Services and Supplies	32,122	45,940	42,500	3,440
Capital Outlay	1,040	-	-	-
Community Education				
Salaries and Benefits	2,732	4,186	6,720	(2,534)
Services and Supplies	2,783	2,896	6,000	(3,104)
Community Center				
Salaries and Benefits	7,986	7,926	23,699	(15,773)
Contractual Services	-	-	1,000	(1,000)
Services and Supplies	43,240	47,990	49,500	(1,510)
Special Projects	-	-	30,000	(30,000)
Total Expenditures	<u>403,310</u>	<u>403,497</u>	<u>530,222</u>	<u>(126,725)</u>
Receipts Over (Under) Expenditures	(2,668)	30,057		
Unencumbered Cash, January 1	134,019	131,351		
Unencumbered Cash, December 31	<u>\$ 131,351</u>	<u>161,408</u>		

## CITY OF ABILENE, KANSAS

## SPECIAL PURPOSE FUNDS

## SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

## REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
	Actual	Actual	Budget	Over (Under)
<b><u>SPECIAL LIABILITY</u></b>				
Cash Receipts:	\$ -	-	-	-
Expenditures:				
Transfer to General to Close Fund	-	16,067	16,067	-
Receipts Over (Under) Expenditures	-	(16,067)		
Unencumbered Cash, January 1	16,067	16,067		
Unencumbered Cash, December 31	<u>\$ 16,067</u>	<u>-</u>		
 <b><u>CAPITAL IMPROVEMENT</u></b>				
Cash Receipts:				
Ad Valorem Property Tax	\$ 24,170	24,082	25,000	(918)
Delinquent Tax	275	304	-	304
Motor Vehicle Tax	3,201	3,583	3,336	247
Interest Income	410	527	400	127
Transfers In	100,000	-	100,000	(100,000)
Total Cash Receipts	<u>128,056</u>	<u>28,496</u>	<u>128,736</u>	<u>(100,240)</u>
Expenditures:				
Special Projects	-	-	554,024	(554,024)
Receipts Over (Under) Expenditures	128,056	28,496		
Unencumbered Cash, January 1	296,356	424,412		
Unencumbered Cash, December 31	<u>\$ 424,412</u>	<u>452,908</u>		

## CITY OF ABILENE, KANSAS

SPECIAL PURPOSE FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	<u>2011</u>	<u>2012</u>		Variance -
	Actual	Actual	Budget	Over (Under)
<b><u>EQUIPMENT RESERVE</u></b>				
Cash Receipts:				
Interest Income	\$ 196	64	200	(136)
Sale of Equipment	-	12,450	-	12,450
Transfers	140,500	225,000	240,000	(15,000)
Total Cash Receipts	<u>140,696</u>	<u>237,514</u>	<u>240,200</u>	<u>2,686</u>
Expenditures:				
Capital Outlay	159,457	188,270	448,166	(259,896)
Receipts Over (Under) Expenditures	(18,761)	49,244		
Unencumbered Cash, January 1	170,266	151,505		
Unencumbered Cash, December 31	<u>\$ 151,505</u>	<u>200,749</u>		
<b><u>COMMUNITY CENTER</u></b>				
Cash Receipts:				
Interest Income	\$ 199	183	200	(17)
Expenditures:				
Capital Outlay	-	-	148,840	(148,840)
Receipts Over (Under) Expenditures	199	183		
Unencumbered Cash, January 1	153,390	153,589		
Unencumbered Cash, December 31	<u>\$ 153,589</u>	<u>153,772</u>		
<b><u>LIBRARY / POOL RENOVATION</u></b>				
Cash Receipts:				
Sales Tax Distribution	\$ 454,327	444,126	425,000	19,126
Interest Income	212	262	250	12
Total Cash Receipts	<u>454,539</u>	<u>444,388</u>	<u>425,250</u>	<u>19,138</u>
Expenditures:				
Bond Principal	310,000	330,000	330,000	-
Bond Interest	108,690	96,303	96,303	-
Commissions and Postage	-	-	100	(100)
Total Expenditures	<u>418,690</u>	<u>426,303</u>	<u>426,403</u>	<u>(100)</u>
Receipts Over (Under) Expenditures	35,849	18,085		
Unencumbered Cash, January 1	210,971	246,820		
Unencumbered Cash, December 31	<u>\$ 246,820</u>	<u>264,905</u>		

## CITY OF ABILENE, KANSAS

## BOND AND INTEREST FUND

## SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

## REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
	Actual	Actual	Budget	Over (Under)
<b><u>BOND AND INTEREST</u></b>				
Cash Receipts:				
Ad Valorem Property Tax	\$ 129,663	363,976	378,360	(14,384)
Delinquent Tax	550	1,297	200	1,097
Motor Vehicle Tax	6,499	16,288	17,877	(1,589)
Special Assessments	535,461	460,397	530,211	(69,814)
Interest Income	2,488	2,012	3,000	(988)
Transfer from General	-	300,000	300,000	-
Total Cash Receipts	<u>674,661</u>	<u>1,143,970</u>	<u>1,229,648</u>	<u>(85,678)</u>
Expenditures:				
Bond Principal	385,000	630,000	630,000	-
Bond Interest	306,613	309,377	310,693	(1,316)
Commission and Postage	-	-	500	(500)
Contingency			300,000	(300,000)
Total Expenditures	<u>691,613</u>	<u>939,377</u>	<u>1,241,193</u>	<u>(301,816)</u>
Receipts Over (Under) Expenditures	(16,952)	204,593		
Unencumbered Cash, January 1	47,415	30,463		
Unencumbered Cash, December 31	<u>\$ 30,463</u>	<u>235,056</u>		

## CITY OF ABILENE, KANSAS

CAPITAL PROJECT FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES  
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	<u>2011</u>	<u>2012</u>
<b><u>THE HIGHLANDS ADDITION*</u></b>		
Cash Receipts:		
Interest Income	\$ 530	185
Miscellaneous Revenue	7	-
Total Cash Receipts	<u>537</u>	<u>185</u>
Expenditures:		
Contractual Services	300	-
Special Assessments Paid	261,999	244,277
Administrative Fees	518	-
Total Expenditures	<u>262,817</u>	<u>244,277</u>
Receipts Over (Under) Expenditures	(262,280)	(244,092)
Unencumbered Cash, January 1	506,372	244,092
Unencumbered Cash, December 31	<u>\$ 244,092</u>	<u>-</u>
<b><u>PBC HOSPITAL PROJECT*</u></b>		
Cash Receipts:		
Bond Issue	\$ 7,760,000	-
Sale of G.O. Bonds	-	10,000,000
Interest Income	-	1,656
Total Cash Receipts	<u>7,760,000</u>	<u>10,001,656</u>
Expenditures:		
Bond Issue Costs	\$ 114,367	90,663
Bond Discount	-	75,000
Bond Interest	-	721,132
Construction Costs	-	4,857,035
Services and Supplies	-	8,483
Total Expenditures	<u>114,367</u>	<u>5,752,313</u>
Receipts Over (Under) Expenditures	7,645,633	4,249,343
Unencumbered Cash, January 1	-	7,645,633
Unencumbered Cash, December 31	<u>\$ 7,645,633</u>	<u>11,894,976</u>

\* Not Budgeted



## CITY OF ABILENE, KANSAS

## BUSINESS FUNDS

## SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET

## REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
				Over
	Actual	Actual	Budget	(Under)
<b><u>WATER UTILITY</u></b>				
Cash Receipts:				
Charges for Services	\$ 1,496,748	1,567,364	1,460,000	107,364
Sales Tax	273	523	17,000	(16,477)
Fines and Penalties	23,941	25,434	20,000	5,434
Reimbursed Expenses	6,681	14,483	3,000	11,483
Interest Income	10,874	7,439	12,000	(4,561)
Miscellaneous Income	13,730	33,986	32,450	1,536
Total Cash Receipts	<u>1,552,247</u>	<u>1,649,229</u>	<u>1,544,450</u>	<u>104,779</u>
Expenditures:				
Wells Production and Water Treatment Plant				
Salaries and Benefits	156,053	148,269	171,641	(23,372)
Services and Supplies	213,308	200,114	238,925	(38,811)
Capital Outlay	45,560	23,571	78,000	(54,429)
Water Distribution				
Salaries and Benefits	147,677	155,814	170,472	(14,658)
Services and Supplies	186,670	227,648	223,750	3,898
Capital Outlay	50,957	30,546	48,200	(17,654)
Commercial				
Salaries and Benefits	142,428	139,646	142,733	(3,087)
Contractual Services	4,133	6,217	5,550	667
Services and Supplies	81,462	76,709	94,425	(17,716)
Capital Outlay	-	342	2,000	(1,658)
Debt Service				
Principal Payments	357,776	365,700	365,701	(1)
Interest Payments	46,017	35,207	33,892	1,315
Commissions and Postage	2,458	2,201	2,302	(101)
Lease Purchase	138,344	138,343	148,284	(9,941)
Transfers	72,500	72,500	72,500	-
Total Expenditures	<u>1,645,343</u>	<u>1,622,827</u>	<u>1,798,375</u>	<u>(175,548)</u>
Receipts Over (Under) Expenditures	(93,096)	26,402		
Unencumbered Cash, January 1	246,471	153,375		
Unencumbered Cash, December 31	<u>\$ 153,375</u>	<u>179,784</u>		

## CITY OF ABILENE, KANSAS

BUSINESS FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
				Over
	Actual	Actual	Budget	(Under)
<b><u>WASTEWATER UTILITY</u></b>				
Cash Receipts:				
Charges for Services	\$ 1,444,573	1,403,044	1,410,500	(7,456)
Interest Income	12,509	11,984	10,000	1,984
Reimbursed Expenses	8,916	6,501	-	6,501
Refunds	60	1,862	-	1,862
Total Cash Receipts	<u>1,466,058</u>	<u>1,423,391</u>	<u>1,420,500</u>	<u>2,891</u>
Expenditures:				
Collection				
Salary and Benefits	59,919	76,473	66,076	10,397
Services and Supplies	32,739	29,461	39,700	(10,239)
Capital Outlay	50,852	325,286	57,500	267,786
Wastewater Treatment Plant				
Salary and Benefits	122,834	128,612	135,698	(7,086)
Services and Supplies	252,993	236,310	306,750	(70,440)
Capital Outlay	2,075	3,139	2,500	639
Commercial				
Salary and Benefits	130,883	131,972	141,876	(9,904)
Contractual Services	4,133	6,217	5,550	667
Services and Supplies	45,595	45,046	74,325	(29,279)
Capital Outlay	10,465	14,366	1,342,620	(1,328,254)
Debt Service				
Principal Payments	389,159	399,433	399,435	(2)
Interest Payments	186,647	177,351	177,352	(1)
Commissions	19,869	18,888	18,893	(5)
Transfers	109,000	479,800	479,800	-
Total Expenditures	<u>1,417,163</u>	<u>2,075,250</u>	<u>3,248,075</u>	<u>(1,172,825)</u>
Receipts Over (Under) Expenditures	48,895	(651,859)		
Unencumbered Cash, January 1	1,888,726	1,937,621		
Unencumbered Cash, December 31	<u>\$ 1,937,621</u>	<u>1,285,762</u>		

## CITY OF ABILENE, KANSAS

BUSINESS FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS

FOR THE YEAR ENDED DECEMBER 31, 2012

(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
				Over
	Actual	Actual	Budget	(Under)
<b><u>EQUIPMENT RESERVE - WATER</u></b>				
Cash Receipts:				
Interest Income	\$ 708	520	900	(380)
Total Cash Receipts	<u>708</u>	<u>520</u>	<u>900</u>	<u>(380)</u>
Expenditures:				
Capital Outlay	14,607	150,012	407,777	(257,765)
Total Expenditures	<u>14,607</u>	<u>150,012</u>	<u>407,777</u>	<u>(257,765)</u>
Receipts Over (Under) Expenditures	(13,899)	(149,492)		
Unencumbered Cash, January 1	561,280	547,741		
Prior Year Cancelled Encumbrances	360	360		
Unencumbered Cash, December 31	<u>\$ 547,741</u>	<u>398,609</u>		
 <b><u>EQUIPMENT RESERVE - SEWER</u></b>				
Cash Receipts:				
Interest Income	\$ 263	278	250	28
Transfers	25,000	400,000	425,000	(25,000)
Total Cash Receipts	<u>25,263</u>	<u>400,278</u>	<u>425,250</u>	<u>(24,972)</u>
Expenditures	<u>-</u>	<u>23,160</u>	<u>654,353</u>	<u>(631,193)</u>
Receipts Over (Under) Expenditures	25,263	377,118		
Unencumbered Cash, January 1	203,103	228,366		
Unencumbered Cash, December 31	<u>\$ 228,366</u>	<u>605,484</u>		

## CITY OF ABILENE, KANSAS

BUSINESS FUNDS  
SCHEDULE OF RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(WITH COMPARATIVE ACTUAL TOTALS FOR THE PRIOR YEAR ENDED DECEMBER 31, 2011)

	2011	2012		Variance -
	Actual	Actual	Budget	Over (Under)
<b><u>RECYCLING</u></b>				
Cash Receipts:				
Charges for Services	\$ 57,346	57,264	56,000	1,264
Interest Income	448	415	400	15
Reimbursed Expenses	44	-	-	-
Miscellaneous Income	66,279	38,436	39,600	(1,164)
Total Cash Receipts	<u>124,117</u>	<u>96,115</u>	<u>96,000</u>	<u>115</u>
Expenditures:				
Salaries and Benefits	45,125	24,327	55,235	(30,908)
Contractual Services	26,000	43,823	36,000	7,823
Services and Supplies	24,520	22,377	29,025	(6,648)
Capital Outlay	20,326	2,850	254,779	(251,929)
Transfers	4,860	5,600	5,600	-
Total Expenditures	<u>120,831</u>	<u>98,977</u>	<u>380,639</u>	<u>(281,662)</u>
Receipts Over (Under) Expenditures	3,286	(2,862)		
Unencumbered Cash, January 1	334,171	337,457		
Unencumbered Cash, December 31	<u>\$ 337,457</u>	<u>334,595</u>		
<b><u>STORM DRAIN</u></b>				
Cash Receipts:				
Charges for Services	\$ 68,458	69,116	67,000	2,116
Reimbursed Expenses	9,020	-	-	-
Interest Income	654	532	500	32
Total Cash Receipts	<u>78,132</u>	<u>69,648</u>	<u>67,500</u>	<u>2,148</u>
Expenditures:				
Contractual Services	4,100	-	-	-
Capital Outlay	2,408	378,136	397,676	(19,540)
Transfers	4,020	4,020	4,020	-
Total Expenditures	<u>10,528</u>	<u>382,156</u>	<u>401,696</u>	<u>(19,540)</u>
Receipts Over (Under) Expenditures	67,604	(312,508)		
Unencumbered Cash, January 1	468,716	539,719		
Prior Year Cancelled Encumbrances	3,399	3,399		
Unencumbered Cash, December 31	<u>\$ 539,719</u>	<u>230,610</u>		

## CITY OF ABILENE, KANSAS

AGENCY FUNDS  
SUMMARY OF RECEIPTS AND CASH DISBURSEMENTS  
REGULATORY BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>FUND</u>	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
<u>AGENCY FUND</u>				
Landfill	<u>\$ 5,345</u>	<u>534</u>	<u>5,879</u>	<u>\$ -</u>

**CITY OF ABILENE, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Passed through Kansas Housing Resource Corporation HOME Investment Partnership Program	14.239		<u>\$ 306,178</u>
U.S. Department of Transportation/Federal Aviation Administration/Airports Division Airport Improvement Program	20.106	3-20-0001-07-2010	72,161
	20.106	3-20-0001-08-2011	276,888
Total U.S. Department of Transportation			<u>349,049</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 655,227</u></u>

The accompanying notes are an integral part of this schedule.

## **CITY OF ABILENE, KANSAS**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS** **FOR THE YEAR ENDED DECEMBER 31, 2012**

#### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of The City of Abilene, Kansas (City) under programs of the federal government for the year ended December 31, 2012. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position or changes in the financial position of the City.

#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same basis as the financial statements accompanying this schedule, except that encumbrances (commitments related to unperformed contracts for goods and services evidenced by a contract) are not included.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY OMB CIRCULAR A-133**

To the Mayor and City Commission  
City of Abilene  
Abilene, Kansas

Report on Compliance for Each Major Federal Program

We have audited the City of Abilene's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *Kansas Municipal Audit and Accounting Guide*; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major program. However, our audit does not provide a legal determination of the City's compliance.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Internal Control over Compliance

Management of the City of Abilene is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that

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could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Pottberg, Gassman & Hoffman, Char'd.*

Pottberg, Gassman & Hoffman, Chartered  
Manhattan, Kansas  
July 5, 2013



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

*Pottberg, Gassman & Hoffman, Chtd.*

To the Mayor and City Commission  
City of Abilene  
Abilene, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit Guide the fund summary statement of regulatory cash receipts, expenditures, and unencumbered cash balances of the City of Abilene, Kansas (City), a Municipal Financial Reporting Entity, as of and for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated July 5, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies, or material weaknesses may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questions costs to be material weaknesses: 2012-1, 2012-2 and, 2012-3.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Abilene's financial statement is free from material misstatement, we performed tests of its compliance with

certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Abilene in a separate letter dated July 5, 2013.

City of Abilene's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit their response and accordingly, we express no opinion on it.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pottberg, Gassman & Hoffman, Chd.*

Pottberg, Gassman & Hoffman, Chartered  
Manhattan, Kansas  
July 5, 2013

## CITY OF ABILENE, KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2012

#### SECTION I – SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statement of Municipal Financial Reporting Entity.
2. The **Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statement Performed in Accordance with *Government Auditing Standards*** contains material weaknesses listed below in Section II.
3. No instances of noncompliance material to the financial statement of City of Abilene, Kansas were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit and no material weaknesses were reported in the **Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133**.
5. The auditors' report on compliance for each major federal award program for the City of Abilene, Kansas expresses an unqualified opinion.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 in this schedule.
7. The programs tested as a major program were US Department of Transportation, Federal Aviation Administration, Airport Division, Airport Improvement Program CFDA 20.106 and US Department of Housing and Urban Development HOME Investment Partnership Program CFDA 14.239.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The City of Abilene, Kansas did not qualify as a low-risk auditee.

#### SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

##### 2012-1

- Criteria – Timely preparation of complete and accurate bank reconciliations and review by an individual independent of the process is a key to maintaining adequate control over both cash receipts and disbursements.
- Condition – During 2012, bank account reconciliations were prepared, however, there were unreconciled differences every month and a second individual did not indicate review of the reconciliations for accuracy and completeness.
- Context - In testing internal controls as required by government auditing standards, bank statements and their respective reconciliations were selected for review of documentation of internal control procedures.
- Effect – The bank reconciliation did not agree with the cash balance, and cash was understated by \$485,728.

## **CITY OF ABILENE, KANSAS**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** **FOR THE YEAR ENDED DECEMBER 31, 2012**

- Cause – Multiple adjustments were posted to cash that management was unable to reconcile and were left as outstanding at year-end and some of the investments held had not been posted.
- Recommendation – Management should implement a review process for bank reconciliations each month, and all unreconciled differences should be resolved or adjusted.
- Response – Bank reconciliations continue to be accomplished monthly; however, finding the out-of-balance differences continues to be a stumbling block for timely submission for review. The Finance Director will arrange for a meeting with the software technical support person for assistance on the reconciliation process.

#### **2012-2**

- Criteria – The statutory basis of accounting used by management requires that encumbrances (unperformed contracts for goods and services, usually evidenced by a purchase order or written contract) be posted at year-end.
- Condition – As of December 31, 2012 there were \$281,456 of adjustments needed to correct beginning fund balances, release of overstated prior year encumbrances and reclassifying items labeled at prior year encumbrances that had not been posted in the prior year.
- Context - In testing internal controls as required by government auditing standards, accounts payable balances were selected for review of documentation of internal control procedures.
- Effect – Fund balances for 5 funds were understated or overstated by \$119,230.
- Cause – Cash disbursements are not reviewed against prior year encumbrances before they are posted, some were posted as though they were prior year encumbrances when they were actually current year cash disbursements.
- Recommendation – A reconciliation of encumbrances should be completed in order for ending fund balances to correctly include, outstanding encumbrances, new encumbrances and cash disbursements of current year expenses.
- Response – Prior year encumbrance payments were posted properly, it is cancelling prior year encumbrances that are not being spent that caused part of the problem. In addition, the Finance Director continued to post changes to the year after the trial balance was given to the auditor, which made reconciliation more difficult. The Finance Director will work with the software technical support person to find a way to reconcile encumbrances monthly, and once the trial balance of accounts is delivered to the Auditor, no additional postings will be done without notification to the Auditor.

#### **2012-3**

- Criteria – Preparation of the schedule of expenditures of federal awards requires review of expenditures so that local match, encumbered balances or account payable is accounted for correctly.

## **CITY OF ABILENE, KANSAS**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** **FOR THE YEAR ENDED DECEMBER 31, 2012**

- Condition – \$330,117 of prior year encumbrances for the Airport improvement grant were not included and \$97,238 of local match for the HOME grant was included, in the schedule of expenditures of federal awards.
- Context - During compliance testing of federal award expenditures, several items selected for testing either were not included in the total expenditures (prior year Airport improvement grant encumbrances) or were included and exceeded the grant budget (HOME grant local match expenditures.)
- Effect – Federal award expenditures for the HOME grant were overstated by \$97,238, and Airport improvement grant expenditures were understated by \$330,117.
- Cause – Management did not understand the accounting for the schedule of expenditures of federal awards.
- Recommendation – Management should review all federal award contracts and invoices at year-end for correct classification of encumbrances, accounts payable and local matching.
- Response – The Finance Director will review all federal award contracts and invoices at the end of the year. A detailed report will be prepared reporting the encumbrances and accounts payable with regard to federal grants and any local match associated with the grants. The report will be presented to the City Manager for review.

### **SECTION III – MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS**

None reported.

### **SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS**

#### 2011-1

- Criteria – Timely preparation of complete and accurate bank reconciliations and review by an individual independent of the process is a key to maintaining adequate control over both cash receipts and disbursements.
- Condition – During 2011, bank account reconciliations were prepared, however, there were unreconciled differences every month and a second individual did not review the reconciliations for accuracy and completeness.
- Context - In testing internal controls as required by government auditing standards, bank statements and their respective reconciliations were selected for review of documentation of internal control procedures.
- Effect – The cash balance was overstated by \$33,897.
- Cause – Multiple adjustments were posted to cash that management was unable to reconcile and were left as outstanding at year-end.
- Recommendation – Management should implement a review process for bank reconciliations each month, and all unreconciled differences should be resolved or adjusted.

## **CITY OF ABILENE, KANSAS**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** **FOR THE YEAR ENDED DECEMBER 31, 2012**

- Response – Incomplete. Bank reconciliations continue to be a struggle utilizing the City's software. The Finance Director will arrange for a meeting with the software technical support person for assistance on the reconciliation process.

#### **2011-2**

- Criteria – The statutory basis of accounting used by management requires that encumbrances (unperformed contracts for goods and services, usually evidenced by a purchase order or written contract) be posted at year-end.
- Condition – As of December 31, 2011 there were \$142,367 of expenditures posted to three funds that had been encumbered in the prior year.
- Context - In testing internal controls as required by government auditing standards, accounts payable balances were selected for review of documentation of internal control procedures.
- Effect – Fund balances for the three funds were understated by \$142,367.
- Cause – Cash disbursements are not reviewed against prior year encumbrances before they are posted.
- Recommendation – A detailed list of encumbrances from the prior year should be reviewed during the cash disbursement process to determine if posting should be to a current year expenditure or accounts payable.
- Response – Incomplete. Prior year encumbrance payments were posted properly, it is cancelling prior year encumbrances that are not being spent that caused part of the problem. In addition, the Finance Director continued to post changes to the year after the trial Balance was given to the auditor, which made reconciliation more difficult. The Finance Director will work with the software technical support person to find a way to reconcile encumbrances monthly, and once the trial balance of accounts is delivered to the Auditor, no additional postings will be done without notification to the Auditor.

#### **2011-3**

- Criteria – State of Kansas Statutes require that all municipal entities having cash receipts of \$275,000 or more have an audit of their financial statements and submit the report to the state no later than December 31 of the following year.
- Condition – As of August 1, 2012, no provision had been made for an audit of the City's component unit, the Public Building Commission (PBC), either as a stand-alone entity or to be included in the City's audited financial statements.
- Context - In reading the City's minutes, it was noted that a resolution authorizing issuance of revenue bonds was signed by the Public Building Commission on November 14, 2011 in the amounts of \$7,760,000 and \$10,000,000 to be issued in 2011 and 2012 respectively. It was then noted on the City's website that the first bonds had been issued in December 2011, yet the Capital Project Fund for the PBC Hospital Project did not show receipt of the cash, nor were there any separate financial reports for the PBC.
- Effect – The capital projects fund, PBC Hospital Project cash receipts and ending cash balance were understated by \$7,760,000.

## **CITY OF ABILENE, KANSAS**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS** **FOR THE YEAR ENDED DECEMBER 31, 2012**

- Cause – Internal controls over compliance did not allow Management's review of the state statutes and/or the Kansas Municipal Audit Guide to recognize the audit requirement of the PBC bond issue.
- Recommendation – The copy of the current Kansas Municipal Audit Guide including its statutory compliance checklists should be kept for reference and reviewed each year for treatment of new transactions and as a year-end check for any items that may have been missed during the year.
- Response – Complete

#### **2011-4**

- Criteria – Preparation of the schedule of expenditures of federal awards requires review of expenditures so that encumbrances are not included and accounts payable are included.
- Condition – \$409,696 was encumbered for expenditures of federal awards.
- Context - During compliance testing of federal award expenditures, an item selected for testing was documented by a construction contract that had not yet begun. This amount had not been requested for reimbursement.
- Effect – Federal award expenditures were overstated by \$320,978.
- Cause – Management did not understand the basis of accounting they were using in preparation of the schedule of expenditures of federal awards.
- Recommendation – Management should review all federal award contracts and invoices at year-end for correct classification as encumbrances or accounts payable.
- Response – Incomplete. The federal award contracts spread over a two-year period made reporting encumbrances and accounts payable more difficult. The Finance Director will review all federal award contracts and invoices at the end of the year. A detailed report will be prepared reporting the encumbrances and accounts payable with regard to federal grants and any local match associated with the grants. The report will be presented to the City Manager for review.